

CITY COMMISSION MINUTES

March 2, 2010

7:00p.m.

The regular meeting of the Junction City City Commission was held on Tuesday, March 2, 2010 with Mayor Terry Heldstab presiding.

The following members of the Commission were present: Terry Heldstab, Scott Johnson, Mike Rhodes, Ken Talley, and Jack Taylor. Staff present was: City Manager Gerry Vernon, Interim City Manager Mike Guinn, City Attorney Catherine Logan, and City Clerk Tyler Ficken.

GENERAL DISCUSSION

Debra Johnston – 1320 McFarland She asked for a follow up on her question regarding a check at the last meeting. Mike Guinn stated that the last signature in the check was his. She stated that she would like the City to provide lists of City expenditures to the citizens; all information from city boards need to be online. She would like to know if members on City boards are required to have their taxes paid before serving on City boards.

Scott Johnson – 602 Stoneridge Dr. He let the Commission know that Grandview Plaza can attract construction without providing the NRP program. He stated that the City should look into what has occurred in Hinesville, GA and the money they will receive as a result of troops not being stationed in the town. Congressmen should be looking into funding from the federal government.

Katlyn Scrubbs is student senate vice president at Cloud County Community Campus in Geary County. She would like a noise waiver for a battle of the bands concert at 629 Caroline Ave. on May 1st from 2 to 7 PM. Proceeds from the concert will fund two scholarships to CCCC, and \$500 to Friends of the Animals

CONSENT AGENDA

- a. Approval of the **February 16, 2010** City Commission Meeting Minutes.
- b. The consideration and approval of **Appropriation Ordinance** dated Feb. 11 to Feb. 24 in the amount of \$630,756.53.

Commissioner Rhodes moved, seconded by Commissioner Taylor to approve the consent agenda. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

SPECIAL PRESENTATIONS

Public presentation by BKD, LLP regarding their recent investigation of the City. Jim Snyder of BKD introduced himself and stated that BKD had completed their forensic investigation report. He stated that as requested by the commission, the

report will let the chips fall where they may. He stated that the findings will be reported tonight, and that BKD staff would be willing to attend a future meeting for follow up questions. Jim Snyder stated that he would speak to BKD's task and then turn the presentation to Shauna Woody-Coussens to present findings. Jim Snyder stated that BKD is a top 10 CPA firm in the nation; and the company's largest client is the US Department of Justice. The company works for the largest company in the world – Wal-Mart, and has conducted investigations in the Kansas City and Denver areas. He stated that Shauna Woody-Coussens is a certified fraud investigator who has recently conducted investigations at Kansas State University; Julia Mast also worked on this investigation and is a certified fraud investigator who is also an elected official in the Kansas City area. Jim Snyder stated that he has worked for the FBI, DOJ, and worked on investigations into practices of the City of Denver, as well as issues at the University of Colorado. Conclusions included in the report are based on findings resulting from interviews and document research. Research began in 2009 and additional documents were requested after an initial research period for follow up.

The BKD report has now been distributed. Mr. Snyder stated that BKD staff received good cooperation from City staff. Mr. Snyder stated that the report should be widely distributed. Major findings included that no public officials were found to have accepted goods for preferential treatment regarding housing development; the housing program over projection housing needs, developments should have been completed in smaller phases.

Shauna Woody-Cousins stated that she wanted to thank City staff for cooperation. Shauna Woody-Coussens stated that BKD research found that oversight of housing program was insufficient. She stated that BKD investigated 12 of the 39 subdivision developments. As sources, BKD used City Commission Minutes, subdivision files, and interviews with staff, elected officials, and the business community. The investigation included Doc Hargreaves #2, Doc Hargreaves #3 Ehlers Hilltop, Ehlers Addition, Olivia Farms, Prairie Ridge #1, Prairie Ridge #2, Spring Valley #1, Spring Valley #2, Sutter Highlands, Sutter Woods, and Wheatland Hills #4. The research included analyzing costs for sewer and street improvements, procurement policies, the accumulation of costs to developers, and comparing bonds to ledger costs. She stated that BKD found that the City should have hired a City Planner or consultant to direct the development process. Shauna Woody-Coussens stated that BKD has found over \$6.3 million of costs that were incorrectly coded for general ledger purposes. The City needed to require more documentation from developers to accurately track development costs. Shauna Woody-Coussens stated that Special Assessments were not accurate; more than \$224,000 was bonded to incorrect projects. There needs to be further reconciliations. Shauna Woody-Coussens stated that special assessments for Sutter Woods and Sutter Highlands were too high; the Commission needs to be consistent on special assessment policy. Olivia Farms (Block 12, Lot 31) was assessed, \$1.7 million dollars on an 8 acre ravine; developer could abandon this land and Special Assessment costs would go to the City at large. An \$87,656.50 expenditure was charged to Village at Freedom Place Phase 2 when the City had stated the expense would be covered by the City. The City needs to work further to remain in compliance with statutory debt limit. The City needs to work to make sure that approval limits for expenditures

are not exceeded, and that projects requiring the bid process are competitively bid. Shauna Woody-Coussens stated that the City should be aware of the possibility of conflict of interest situations regarding Kaw Valley; the company was a part of the administration of the housing program while having an interest in a development company. BKD has determined that special assessments are high for a number of reasons: development agreements were used instead of using a bid process, KHID was not approved, there was more rock in the ground than was expected, engineering firms used varying models and schematics, and expenses for City requested upgrades were not calculated properly; in some instances special assessments included City requested upgrades. Mrs. Woody-Coussens stated that a number of factors contributed to high assessments at Olivia Farms including: turnkey development, conflicting models of engineering, and placing roads that were too wide and thick for what was required at the subdivision. Also, the hilly terrain, and mobilization costs totaling \$80,000 added to the expense.

Moving to issues at the Opera House, it is clear that funding came from a number of sources with the final cost approaching \$7.5 million. The City made payments in the amount of \$2.4 million for shortfalls in expected donations to the Opera House. No developers stated to the BKD investigators that a quid pro quo was implied in their donations to the Opera House.

Mr. Snyder stated the BKD has taken this study very seriously, and this is an important and serious report. The right decision has been made in conducting this audit of the City development program. Mayor Heldstab asked if Mr. Snyder would be back in two weeks to address questions. Commissioner Taylor suggested that the next Commission meeting be moved, and not occur during spring break; he suggested March 23, 2010 as a date. Mr. Snyder stated that questions from the public could be provided to Katie Logan and then submitted by her to BKD. Shauna Woody-Coussens would like questions to be received by BKD no later than March 15, 2010. Commissioner Johnson stated that it would take an hour or two to get questions to BKD answered. Mr. Snyder stated that he would be available to answer questions. Commissioner Johnson moved, seconded by Commissioner Taylor to cancel the regularly scheduled March 16, 2010 Commission meeting and hold instead a Commission meeting on March 23, 2010 at 7:00 PM at the Junction City Municipal Building. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion carried.

PUBLIC HEARINGS

A public hearing to consider condemnation of property at 305 N. Madison St. and approval of R-2594. John Day of 7948 Old Stage Rd. stated that the property is currently in probate, and is in the process of being settled. He also stated that once legal issues are worked out the property will be fixed. Mayor Heldstab asked what date the legal issues would be resolved by. Mr. Day stated that the process would take no longer than six months. Commissioner Taylor stated that he would be interested in giving a three month extension in this situation. Commissioner Rhodes stated that Mr. Day needs to have a plan in place for the required property corrections to be made. Mr. Day stated that he plans to rebuild the roof. Assistant City Manager Guinn stated that neighbors of the

property in question have complained about stray cats at the property. Mr. Day stated that he would like to work with the neighbors on this issue, but instead people are butting heads. Commissioner Taylor moved seconded by Commissioner Johnson to provide a three month extension on the condemnation of residential property at 305 N. Madison St. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays, none. Motion carried.

A public hearing to consider condemnation of property at 538 W. 12th St. and approval of R-2595. Assistant City Manager Guinn stated to the Commissioners that past due property taxes is outstanding on the properties under discussion. Commissioner Taylor recalled that there had been issues with the owner of this property in the past. Commissioner Rhodes moved, seconded by Commissioner Johnson to approve R-2595. Ayes, Heldstab, Johnson, Rhodes, Talley, Taylor. Nays, none. Motion carried.

A public hearing to consider condemnation of property at 1220 N. Eisenhower Dr. and approval of R-2596. Commissioner Johnson moved, seconded by Commissioner Talley to approve R-2596. Ayes, Heldstab, Johnson, Rhodes, Talley, Taylor. Nays, none. Motion carried.

NEW BUSINESS

The consideration and approval for staff to submit request for proposals for Construction Engineering on the 6th and Franklin Traffic Signal project. Assistant City Manager Guinn stated that seven local firms will be asked to submit proposals. Commissioner Talley asked if the City will be required to purchase Right-of-Way for the lights. Assistant City Manager Guinn stated that the City already owns the Right-of-Way that is required for the project. Commissioner Taylor asked if the bids received for the project will be sealed bids. Assistant City Manager Guinn stated that yes, the bids will be sealed, dated, and the time of receipt will be recorded for the purpose of breaking a tying bid. Commissioner Rhodes moved, seconded by Commissioner Taylor to authorize the submission of requests for proposals for Construction Engineering on the 6th and Franklin Traffic Signal project. Ayes, Heldstab, Johnson, Rhodes, Talley, Taylor. Nays, none. Motion carried.

COMMISSIONER COMMENTS

Commissioner Johnson attended a meeting with the County Commission and Geary County Hospital representatives. Commissioner Johnson stated that newly hired teachers in Geary County should live here. He also stated that meetings on Neighborhood Revitalization Policy will keep the policy the same. Commissioner Johnson heard discussion of placing spring and fall elections on the same ballot. Commissioner Johnson stated that he learned that 30% to 40% of ambulance fees are not recovered by the Junction City Fire Department; he stated that people should be more responsible and pay their bills. Commissioner Johnson stated that holding the City County joint meeting on Saturday mornings should be considered so that more people can attend.

Commissioner Rhodes asked for information on the status of the Pratt house. Mark Karmann stated that the adjuster has not yet reached a conclusion; condemnation would be next.

Mayor Heldstab wanted to remind the community to thank Coach Zimmerman; Coach Zimmerman was selected as the Kansas Coach's Association section 5 coach of the year. He also wanted to remind citizens that they will be able to access the BKD report on the City website; if citizens have questions they should be submitted to City staff by March 15, 2010.

STAFF COMMENTS

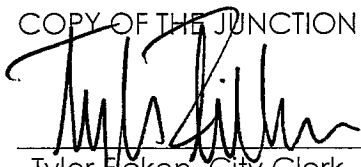
City Manager Gerry Vernon stated that Chuck Zimmerman was the City Attorney during Edenspace agreement, and Mick Wunder was the City Commission representative on the EDC. City Manager Gerry Vernon stated that the City Commission meeting was being simulcast and is being recorded to test the City capabilities of providing multiple broadcasts. The City is moving forward with providing more information on the website. City Manager Gerry Vernon sent a list of outstanding Opera House donations to the City Commissioners as requested.

Assistant City Manager Guinn stated that a 4-Way stop is going to be placed at the intersection of Liberty Hall Rd, Spring Valley Rd, and Ash St.; warning flags, flashing lights and a patrol vehicle will be used to make sure people become accustomed to the change. Assistant City Manager Guinn stated that he has received e-mails of complaints regarding recent changes to the City building permit policy that requires all property taxes to be paid prior to the issuance of building permits. He stated that he asked developers not only to submit complaints, but also provide suggested solutions; he provided packets with the results to the City Commissioners. Commissioner Taylor stated that 6th & Eisenhower is presenting a safety hazard because too many school children are crossing the street in that area. Assistant City Manager Guinn stated that a study of the area in question was done 5 years ago, and that the area met standards; he also added that there will soon be a safe route to school sidewalk in the area of this intersection that will work to address the issue.

ADJOURNMENT

Commissioner Rhodes moved, seconded by Commissioner Taylor to adjourn at 9:49 PM Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion Carried.

APPROVED AND ACCEPTED THIS 23th DAY OF MARCH 2010 AS THE OFFICIAL COPY OF THE JUNCTION CITY CITY COMMISSION MINUTES FOR MARCH 2, 2010.


Tyler Eicken, City Clerk
Terry Heldstab, Mayor